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Rec. 1-13-98

**HOUSING AUTHORITY OF THE CITY
OF ALEXANDRIA
Alexandria, Louisiana**

**GENERAL-PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997
WITH SUPPLEMENTAL INFORMATION**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 04 1998

Receipt Acknowledged
Legislative Auditor

By JLS 1-13-98

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997**

FINDING:

Reference #: Finding #1 on Schedule of Reportable Conditions

Title: Separation of Duties

Fiscal year finding initially occurred: June 30, 1996

Description: One employee prepares checks, runs the checks through the check-signing machine and prepares the bank reconciliations. In accordance with Housing Authority policy, checks over \$2,500 are manually signed by the executive director and a board member, but checks under \$2,500 may be run through the check-signing machine.

Corrective action taken: Someone other than the employee who prepares checks and bank reconciliations runs the checks through the check signing machine and has custody of the keys.

FINDING:

Reference #: Finding #2 on Schedule of Reportable Conditions

Title: No Log Maintained for Check Signing Machine

Fiscal year finding initially occurred: June 30, 1996

Description: In accordance with Housing Authority policy, checks under \$2,500 may be signed by use of the check-signing machine. No log is maintained for the checks run through the check-signing machine.

Corrective action taken: A log is now maintained for the check signing machine which includes the date, the beginning and ending check numbers and the initials of the person using the machine.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

FINDING:

Reference #: Finding #3 on Schedule of Findings and Questioned Costs

Title: Cash Management Section 8

Fiscal year finding initially occurred: June 30, 1996

Description: The year-end settlement on the Section 8 programs revealed overpayments by HUD.

Planned corrective action: A revised requisition for partial payment of annual contributions will be filed if federal funds requested will substantially exceed funds expended.

Contact person(s) responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately

FINDING:

Reference #: Finding #6 on Schedule of Findings and Questioned Costs

Title: Budget Adoption

Fiscal year finding initially occurred: June 30, 1995

Description: The Department of Transportation Fund (DOT) is a special revenue fund which accounts for revenues and expenditures of approximately 12 single family rental units scattered throughout Rapides parish. No budget was adopted for this special revenue fund.

Planned corrective action: A budget will be adopted for the DOT fund.

Contact person(s) responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance of major federal awards was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal awards are:

CFDA #14.850	CFDA Title	Public and Indian Housing
#14.859		Public and Indian Housing - Comprehensive Grant Program
#14.857		Section 8 Rental Certificate Program
#14.855		Section 8 Rental Voucher Program
#14.856		Section 8 Moderate Rehabilitation
- viii. The dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

PART II - Finding(s) related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards

Finding Reference Number: 97-1 Budget Adoption

Condition: The Department of Transportation fund (DOT) is a special revenue fund which accounts for revenues and expenditures of approximately twelve single family rental units scattered throughout Rapides Parish. No budget was adopted for this special revenue fund.

Recommendation: The Housing Authority should adopt annually a budget for the DOT fund in order to comply with state law.

Management's Corrective Action Plan:

Planned Corrective Action: A budget will be adopted for the DOT fund.

Person Responsible for Corrective Action:

Mr. Carroll Lanier Telephone: (318)442-8843
Executive Director Fax: (318)445-2529
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Anticipated Completion Date: January, 1998.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Finding Reference Number: 97-2

Cash Management - Section 8

1. Federal program and specific federal award identification:

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Grant I.D.#</u>	<u>Grant Year</u>
U. S. Department of Housing and Urban Development Direct Programs			
Section 8 Rental Certificate	14.857	FW 2069	1997
Section 8 Rental Voucher	14.855	FW 2221	1997
Section 8 Moderate Rehabilitation	14.856	FW 2069	1997

Condition: The year end settlement on the Section 8 programs revealed the following overpayments to the Housing Authority by HUD:

Section 8 Rental Certificate program	\$ 604,086
Section 8 Moderate Rehabilitation program	115,651
Section 8 Rental Voucher program	<u>297,675</u>
Total amount over requested	<u>\$1,017,412</u>

Requirements for cash management of federal funds state "recipients must have procedures in place to reduce the time between receipt and use of funds." The above overpayments reflect several months of operations for each of these Section 8 programs.

Recommendation: A revised requisition for partial payment of annual contributions should be filed if the Housing Authority determines federal funds requested will substantially exceed funds expended.

Management's Corrective Action Plan:

Planned Corrective Action: A revised requisition for partial payment of annual contributions will be filed if federal funds requested will substantially exceed funds expended.

Person Responsible for Corrective Action:

Mr. Carroll Lanier Telephone: (318)442-8843
Executive Director Fax: (318)445-2529
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Anticipated Completion Date: Immediately

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

Management has included corrective action plans for all findings in the Schedule of Findings and Questioned Costs which precedes this schedule in this audit report. The corrective action plans are located at the end of each finding.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

The following pages contain information on internal control and compliance with laws, regulations, contracts and grants required by OMB Circular A-133. The report on internal controls relates to matters that would be significant and/or material to federal awards programs. The report on compliance with laws, regulations, contracts and grants is, likewise, related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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**GENERAL-PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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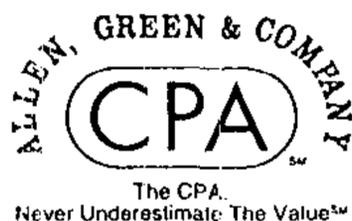
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ALLEN, GREEN & COMPANY, LLP

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(A Professional
Accounting Corp)

Tim Green, CPA

Margie Williamson, CPA

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

U. S. Department of Housing and Urban Development
Housing Management Division
501 Magazine Street, 9th Floor
New Orleans, Louisiana

We have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Alexandria, Louisiana, as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Alexandria, as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 30, 1997 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of the City of Alexandria, Louisiana, taken as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, audits of States, Local Governments, and Non-Profit Organizations and the supplemental information schedules - HUD prescribed format are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Allen, Green & Company LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
October 30, 1997

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1997

	*****GOVERNMENTAL FUNDS*****		
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 596,212	\$ 2,370,341	\$ 0
Receivables	29,936	57,275	18,051
Interfund receivable	201,938	93,647	0
Prepaid items	81,738	18,487	0
Inventory	22,992	0	0
Land, buildings, and equipment	0	0	0
Other debits			
Amount to be provided for retirement of general Long-term obligations	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 932,816	\$ 2,539,750	\$ 18,051
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payables	\$ 68,059	\$ 1,257,808	\$ 18,051
Interfund payable	0	295,585	0
Deposits due others	0	0	0
Accrued Liabilities	144,800	3,175	0
Deferred revenues	77,683	20	0
Compensated absences payable	0	0	0
Notes and bonds payable	0	0	0
Total Liabilities	\$ 290,542	\$ 1,556,588	\$ 18,051
Equity and Other Credits			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Retained earnings	0	0	0
Fund balances:			
Reserved for prepaid items	81,738	18,487	0
Reserved for inventory	22,992	0	0
Unreserved and undesignated	537,544	964,675	0
Total Equity and Other Credits	\$ 642,274	\$ 983,162	\$ 0
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 932,816	\$ 2,539,750	\$ 18,051

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Local sources:				
Dwelling rental	\$ 480,491	\$ 21,985	\$ 0	\$ 502,476
Interest earnings	16,237	60,579	0	76,816
Other	148,372	34,348	0	182,720
Federal sources:				
Operating subsidy	842,818	0	0	842,818
Grants	0	2,318,752	934,885	3,253,637
Total revenues	\$ 1,487,918	\$ 2,435,664	\$ 934,885	\$ 4,858,467
EXPENDITURES				
Current:				
Administration	\$ 374,134	\$ 208,931	\$ 0	\$ 583,065
Utilities	78,806	3,713	0	82,519
Ordinary maintenance & operations	403,570	24,988	0	428,558
Protective services	128,280	530	0	128,810
General expenditures	432,580	187,249	0	619,829
Housing assistance payments	0	1,927,609	0	1,927,609
Facilities acquisition and construction	2,090	89,299	934,885	1,026,274
Total expenditures	\$ 1,419,460	\$ 2,442,319	\$ 934,885	\$ 4,796,664
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 68,458	\$ (6,655)	\$ 0	\$ 61,803
FUND BALANCES AT BEGINNING OF YEAR	573,816	989,817	0	1,563,633
FUND BALANCES AT END OF YEAR	\$ 642,274	\$ 983,162	\$ 0	\$ 1,625,436

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Dwelling rental	\$ 414,194	\$ 480,491	\$ 66,297
Interest earnings	22,027	16,237	(5,790)
Other	96,450	148,372	51,922
Federal sources:			
Operating subsidy	842,818	842,818	0
Total revenues	\$ 1,375,489	\$ 1,487,918	\$ 112,429
EXPENDITURES			
Current:			
Administration	\$ 423,520	\$ 374,134	\$ 49,386
Utilities	91,100	78,806	12,294
Ordinary maintenance & operations	418,452	403,570	14,882
Protective services	129,160	128,280	880
General expenditures	424,246	432,580	(8,334)
Facilities and acquisition	0	2,090	(2,090)
Total expenditures	\$ 1,486,478	\$ 1,419,460	\$ 67,018
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (110,989)	\$ 68,458	\$ 179,447
FUND BALANCES AT BEGINNING OF YEAR	336,223	573,816	237,593
FUND BALANCES AT END OF YEAR	\$ 225,234	\$ 642,274	\$ 417,040

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Dwelling rental	\$ 0	\$ 0	0
Interest earnings	0	56,524	56,524
Other	0	34,228	34,228
Federal sources:			
Grants	2,646,019	2,202,237	(443,782)
Total revenues	<u>\$ 2,646,019</u>	<u>\$ 2,292,989</u>	<u>\$ (353,030)</u>
EXPENDITURES			
Current:			
Administration	\$ 296,975	\$ 271,537	\$ 25,438
Housing assistance payments	2,340,744	1,927,609	413,135
Facilities acquisition and construction	0	2,435	(2,435)
Total expenditures	<u>\$ 2,637,719</u>	<u>\$ 2,201,581</u>	<u>\$ 436,138</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 8,300	\$ 91,408	\$ 83,108
FUND BALANCES AT BEGINNING OF YEAR	980,848	670,945	(309,903)
FUND BALANCES AT END OF YEAR	<u>\$ 989,148</u>	<u>\$ 762,353</u>	<u>\$ (226,795)</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

PROPRIETARY FUND TYPE - INTERNAL SERVICE
Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended June 30, 1997

Statement D

OPERATING REVENUE	
Premiums	\$ 139,657
OPERATING EXPENSES	
Administration	\$ 76,459
Claims	92,903
Total operating expenses	\$ 169,362
Operating income (loss)	\$ (29,705)
RETAINED EARNINGS AT BEGINNING OF YEAR	46,910
RETAINED EARNINGS AT END OF YEAR	\$ 17,205

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

PROPRIETARY FUND TYPE - INTERNAL SERVICE
Statement of Cash Flows
For the Year Ended June 30, 1997

Statement E

CASH FLOW FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (29,705)
Adjustments to reconcile operating income to net cash provided (used) for operating activities	
Increase (decrease) in payable	8,293
(Increase) decrease in receivable	<u>0</u>
Net cash provided (used) for operating activities	\$ (21,412)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>55,695</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 34,283</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 Alexandria, Louisiana

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Housing Authority of the City of Alexandria have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

Housing Authorities are chartered as public corporations under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Alexandria is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Alexandria, serve a staggered term of five years.

The Housing Authority has the following units:

PHA Owned Housing	FW 1142	772
Section 8		
Rental Certificates	FW 2069	551
Moderate Rehab #1	FW 2069	30
Moderate Rehab #2	FW 2069	20
Moderate Rehab #3	FW 2069	41
Rental Vouchers	FW 2221	208
Department of Transportation and Development		12

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The Housing Authority also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected Housing Authority members are financially accountable.

The Housing Authority is a related organization of the City of Alexandria since the City of Alexandria appoints a voting majority of the Housing Authority's governing board. The City of Alexandria is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no *potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Alexandria*. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Alexandria.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Continued)

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the Housing Authority, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

C. FUNDS AND ACCOUNT GROUPS

The accounts of the Housing Authority are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The funds of the Housing Authority are classified into three categories: governmental, proprietary and fiduciary. In turn, each category is divided into separate fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds account for all or most of the Housing Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund — the primary operating fund of the Housing Authority. It accounts for all financial resources of the Housing Authority, except those required to be accounted for in another fund. The general fund includes transactions of the low rent housing assistance programs.

Special Revenue Funds — account for the revenue sources that are legally restricted to expenditures for specified purposes (not including major capital projects). Special revenue funds contain transactions of the various Section 8 Housing Assistance Programs, the Drug Elimination Program and the Department of Transportation program administered by the Housing Authority.

Capital Projects Funds — account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not being financed by proprietary or nonexpendable trust funds. Capital projects funds contain transactions relating to active comprehensive grant programs.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUNDS AND ACCOUNT GROUPS (Continued)

Proprietary Funds Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund includes the following:

Internal Service Fund — accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. This fund accounts for transactions of the Group Health Self-Insurance Fund.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Housing Authority. Fiduciary funds include the following:

Tenants' Security Deposit Agency Fund — The tenants' security deposits agency fund accounts for assets held by the Housing Authority as an agent for the individual tenants.

Account Groups

The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds.

The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Revenues — Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the Housing Authority.

Expenditures — Salaries are recorded as expenditures when incurred.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are consumed.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Principal and interest on general long-term debt are recognized when incurred.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Fiduciary Funds The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for rental security deposits that the Housing Authority holds for others in an agency capacity.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS

The following summarizes the budget activities of the Housing Authority during the year ended June 30, 1997.

The Housing Authority adopted budgets for the general fund, the special revenue funds (excluding the DOT Fund), and the capital project funds. The capital project funds budget to actual comparison has not been included since the capital project is a multiple-year endeavor. The Drug Elimination fund budget is a multiple-year endeavor and also is not included.

State statute requires that budgets be adopted for the general fund and all special revenue funds. A budget was not adopted for the DOT special revenue fund which is a violation of state statute.

The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.

Encumbrances are not recognized within the accounting records for budgetary control purposes.

Formal budget integration (within the accounting records) is employed as a management control device.

The Executive Director is authorized to transfer amounts between line items within any fund, provided such does not change the total of any function. However, when actual revenues within a fund fail to meet budgeted revenues by five percent or more and/or actual expenditures within a fund exceed budgeted expenditures by five percent or more, a budget amendment is adopted by the Housing Authority in an open meeting as required by Louisiana Revised Statute. Budget amounts included in the accompanying financial statements are the original adopted budgets. No amendments were made during the year.

HUD approves all budgets adopted by the Housing Authority.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CASH AND CASH EQUIVALENTS (Continued)

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

I. INVENTORY

All purchased inventory items are valued at cost using first-in, first-out method. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources", even though they are a component of total assets. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenditures are charged when the items are consumed.

J. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of prepaid insurance.

K. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Assets in the general fixed assets account group are not depreciated.

L. DEFERRED REVENUES

The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

N. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

O. FUND EQUITY

Reservations represent those portions of fund balance that are not appropriable for expenditures or legally segregated for a specific future use.

P. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Q. MEMORANDUM ONLY - TOTAL COLUMNS

The total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. ADOPTION OF GASB PRONOUNCEMENTS

In September 1993, GASB issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" (GASB 20), which discusses the application of authoritative accounting pronouncements for proprietary accounting and other funds that use proprietary accounting.

The Housing Authority was required to adopt GASB 20 in fiscal year 1995. GASB 20 allows the Housing Authority to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, or to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989. The Housing Authority has elected to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

S. NEW APPLICABLE GASB PRONOUNCEMENTS

In November 1994, the GASB issued Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" (GASB 27). GASB 27 prescribes changes in pension accounting and disclosure requirements for employers participating in single employer/agent multiple defined benefit plans, cost sharing multiple employer defined benefit plans, and defined contribution plans. The Housing Authority sponsors a multiple-employer defined contribution plan. GASB 27 is effective for fiscal years beginning after June 15, 1997. The Housing Authority has not yet determined the effects of adoption.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - FUND DEFICITS

The following individual fund had a deficit in unreserved fund balance at June 30, 1997:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Fund: MOD Rehab #1	<u>\$4,769</u>

The deficit in the above fund will be cleared by receipt of federal grants.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 1997, the Housing Authority has cash and cash equivalents (book balances) totaling \$3,033,061 as follows:

Demand deposit	\$ 163,416
Interest-bearing demand deposits	2,868,723
Cash on hand	<u>922</u>
 Total	 <u>\$3,033,061</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Housing Authority's carrying amount of deposits was \$3,033,061 and the bank balance was \$3,074,433. Of the bank balance, \$600,000 was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name (GASB Category 1). The remaining balance, \$2,474,433 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

The receivables of \$105,262 at June 30, 1997, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Local sources:				
Tenants	\$20,377	\$52,645	\$ -	\$ 73,022
Federal sources:				
Due from HUD	<u>9,559</u>	<u>4,630</u>	<u>18,051</u>	<u>32,240</u>
 Total	 <u>\$29,936</u>	 <u>\$57,275</u>	 <u>\$18,051</u>	 <u>\$105,262</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 5 - FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance</u> <u>July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1997</u>
Land	\$ 677,682	\$ -	\$ -	\$ 677,682
Buildings and Improvements	29,076,167	154,521	-	29,230,688
Furniture and equipment	665,444	75,088	18,861	721,671
Construction in progress	<u>3,767,401</u>	<u>934,886</u>	<u>-</u>	<u>4,702,287</u>
Total	<u>\$34,186,694</u>	<u>\$1,164,495</u>	<u>\$18,861</u>	<u>\$35,332,328</u>

NOTE 6 - RETIREMENT SYSTEM

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.0 percent of each participant's basic (excludes overtime) compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended June 30, 1997 was \$749,341. The Housing Authority's contributions were calculated using the base salary amount of \$397,557. Both the Housing Authority and the covered employees made the required contributions of \$47,686 for the year ended June 30, 1997.

NOTE 7 - ACCOUNTS PAYABLE

The payables of \$1,360,996 at June 30, 1997, are as follows:

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>Capital</u> <u>Project</u> <u>Fund</u>	<u>Proprietary</u> <u>Fund-Internal</u> <u>Service</u>	<u>Total</u>
Vendors	\$68,059	\$ 48,037	\$18,051	\$17,078	\$ 151,225
Due to Other Governments	-	1,209,771	-	-	1,209,771
Payable to HUD	-	-	-	-	-
Total	<u>\$68,059</u>	<u>\$1,257,808</u>	<u>\$18,051</u>	<u>\$17,078</u>	<u>\$1,360,996</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 8 - COMPENSATED ABSENCES

At June 30, 1997, employees of the Housing Authority have accumulated and vested \$74,023 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore the liability of \$74,023 is recorded within the general long-term obligations account group.

NOTE 9 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1997</u>
Agency funds:				
Tenants Security Deposits	<u>\$36,740</u>	<u>\$14,287</u>	<u>\$18,802</u>	<u>\$32,225</u>

NOTE 10 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1997:

	<u>Compensated Absences</u>	<u>Project Notes</u>	<u>Total</u>
Balance, July 1, 1996	\$63,097	\$6,856,459	\$6,919,556
Additions	10,926	-	10,926
Deductions	-	-	-
Balance, June 30, 1997	<u>\$74,023</u>	<u>\$6,856,459</u>	<u>\$6,930,482</u>

Project notes payable consists of the following at June 30, 1997:

	<u>Principal Outstanding June 30, 1997</u>
LA 23-1	\$ 190,313
LA 23-2	111,943
LA 23-903	965,131
LA 23-904	98,640
LA 23-4	1,697,802
LA 23-5	<u>3,792,630</u>
Total	<u>\$6,856,459</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 10 - GENERAL LONG-TERM OBLIGATIONS (Continued)

(A) Project Notes are obligations due HUD. The Debt Forgiveness Act of 1985 forgave these notes. The timing of the official cancellation of the remaining notes is unknown. The Housing Authority has not accrued interest on Project Notes since HUD will eventually forgive the principal and interest amounts. Due to the uncertainty of the outcome of these notes, a schedule of maturities is not presented for the Project Notes.

NOTE 11 - INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at June 30, 1997 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$201,938	\$ -
Special Revenue Funds:		
Rental Certificates	7,848	125,949
Mod Rehab #1	12,869	54,770
Mod Rehab #2	4,158	28,021
Mod Rehab #3	68,772	7,717
Rental Vouchers	-	43,708
DOT	-	35,420
	<u>\$295,585</u>	<u>\$295,585</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation

At June 30, 1997, the Housing Authority was involved in one threatened litigation. It is the opinion of the legal advisor for the Housing Authority that it would not materially affect the financial statements.

Construction Projects

There are certain major construction projects in progress at June 30, 1997. These include modernizing rental units at practically all of the projects. As approved by HUD, these projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Self-Insurance

The Housing Authority is partially self-insured for employee's group and health insurance coverage. Claims are funded through employee contributions and operating funds of the Housing Authority. The Housing Authority maintains stop-loss coverage with an insurance company for claims in excess of \$7,500 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the Housing Authority are made and accrued as necessary in the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

Grant Disallowances

The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 13 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. The Housing Authority established a risk management program for employee's group health insurance in 1992. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund. As of June 30, 1997, such interfund premiums did not exceed reimbursable expenditures. Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$7,500. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the general fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

	<u>Current Year</u>	<u>Prior Year</u>
Unpaid claims, beginning of fiscal year	\$ 8,785	\$ 9,898
Incurred claims (including IBNRs)	101,688	153,615
Claim payments	93,395	154,728
Unpaid claims, end of fiscal year	17,078	8,785

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

NOTE 14 - BUDGET TO ACTUAL RECONCILIATION

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual for the Special Revenue Funds does not include the DOT fund or the Drug Elimination fund. A budget was not adopted for the DOT fund and the budget for the Drug Elimination fund is a multiple year budget. Following is a reconciliation in summary form of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement B) to the Combined Statement of Revenues, Expenditures, and changes in Fund Balances - Budget (GAAP Basis) and Actual (Statement C) for the year ended June 30, 1997:

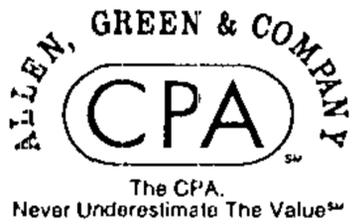
	<u>Statement C</u> <u>Special Revenue</u> <u>Funds</u>	<u>Add:</u> <u>DOT Fund</u>	<u>Add: Drug</u> <u>Elimination</u> <u>Fund</u>	<u>Total</u> <u>Statement B</u>
Total revenues	\$2,292,989	\$ 26,160	\$116,515	\$ 2,435,664
Total expenditures	<u>2,201,581</u>	<u>124,223</u>	<u>116,515</u>	<u>2,442,319</u>
Excess (deficiency) of revenues over expenditures	91,408	(98,063)	-	(6,655)
Fund balances at beginning of year	<u>670,945</u>	<u>318,872</u>	<u>-</u>	<u>989,817</u>
Fund balances at end of year	<u>\$ 762,353</u>	<u>\$ 220,809</u>	<u>\$ -</u>	<u>\$ 983,162</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SUPPLEMENTAL INFORMATION

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Alexandria, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. The Housing Authority of the City of Alexandria's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Alexandria's management. Our responsibility is to express an opinion on the Housing Authority of the City of Alexandria compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Alexandria's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Alexandria's compliance with those requirements.

In our opinion, the Housing Authority of the City of Alexandria complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 97-2 and 97-3.

Internal Control Over Compliance

The management of the Housing Authority of the City of Alexandria is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Alexandria's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Company LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
October 30, 1997

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SPECIAL REVENUE FUNDS

RENTAL CERTIFICATES

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for low-income families in private market rental units at rents they can afford. This is primarily a tenant-based rental assistance program through which participants are assisted in rental units of their choice; however, a public housing agency may also attach up to 15 percent of its certificate funding to rehabilitated or newly constructed units under a project-based component of the program. All assisted units must meet program guidelines. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the family's required contribution towards rent. Assisted families must pay the highest of 30 percent of the monthly adjusted family income, 10 percent of gross monthly family income, or the portion of welfare assistance designated for the monthly housing cost of the family.

MOD REHAB #1, #2 AND #3

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30 percent of their monthly adjusted family income, 10 percent of gross family income, or the portion of welfare assistance designated for housing toward rent.

RENTAL VOUCHERS

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low-income families at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30 percent of the family's adjusted income. The family has to pay at least 10 percent of gross monthly income for rent.

DOT - DEPARTMENT OF TRANSPORTATION

This fund originated from the displacement of homes caused by the construction of Interstate 49. The fund consists of rental income and expenses of approximately twenty single family rental units scattered throughout Rapides Parish. The fund also accounts for proceeds from the sale of rental units.

DRUG ELIMINATION

The purposes of the Public Housing Drug Elimination Program are to: (a) eliminate drug-related crime in and around the real property comprising public housing projects; (b) encourage Public Housing Agencies (PHAs) and Indian Housing Authorities (IHAs) to develop a plan that includes initiatives that can be sustained over a period of several years for addressing the problem of drug-related crime in and around the premises of the Public and Indian housing projects proposed for funding under this part, and; (c) make available federal grants to help PHAs and IHAs carry out their plans.

Grant funds may be used for the following activities designed to reduce drug-related crime: (1) employment of security personnel; (2) reimbursement of local law enforcement agencies for additional security and protective services; (3) physical improvements designed to enhance security; (4) the employment of one or more individuals to investigate drug-related crime; (5) training, communications equipment, and other related equipment; (6) programs designed to reduce use of drugs in and around Public and Indian housing projects, including drug prevention, intervention, referral, and treatment programs, and; (7) providing funding to develop security and drug abuse prevention programs involving site residents.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1997

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2
ASSETS			
Cash and cash equivalents	\$ 1,241,696	\$ 96,650	\$ 66,719
Receivables	9,079	3,478	1,147
Interfund receivable	7,848	12,869	4,158
Prepaid items	9,170	573	287
	\$ 1,267,793	\$ 113,570	\$ 72,311
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payables	\$ 628,814	\$ 63,440	\$ 34,075
Interfund payable	125,949	54,770	28,021
Accrued liabilities	2,016	129	65
Deferred revenues	0	0	0
	\$ 756,779	\$ 118,339	\$ 62,161
 Fund equity			
Fund balances:			
Reserved for prepaid items	\$ 9,170	\$ 573	\$ 287
Unreserved-undesignated	501,844	(5,342)	9,863
	\$ 511,014	\$ (4,769)	\$ 10,150
 TOTAL LIABILITIES AND FUND EQUITY	\$ 1,267,793	\$ 113,570	\$ 72,311

Exhibit 1

MOD REHAB #3	RENTAL VOUCHERS	DOT	DRUG ELIMINATION	TOTAL
\$ 22,508	\$ 690,776	\$ 251,992	\$ 0	2,370,341
1,562	5,031	80	36,898	57,275
68,772	0	0	0	93,647
691	3,607	4,159	0	18,487
<u>\$ 93,533</u>	<u>\$ 699,414</u>	<u>\$ 256,231</u>	<u>\$ 36,898</u>	<u>2,539,750</u>
\$ 79,720	\$ 414,861	\$ 0	\$ 36,898	1,257,808
7,717	43,708	35,420	0	295,585
129	834	2	0	3,175
20	0	0	0	20
<u>\$ 87,586</u>	<u>\$ 459,403</u>	<u>\$ 35,422</u>	<u>\$ 36,898</u>	<u>1,556,588</u>
\$ 691	\$ 3,607	\$ 4,159	\$ 0	18,487
5,256	236,404	216,650	0	964,675
<u>\$ 5,947</u>	<u>\$ 240,011</u>	<u>\$ 220,809</u>	<u>\$ 0</u>	<u>983,162</u>
<u>\$ 93,533</u>	<u>\$ 699,414</u>	<u>\$ 256,231</u>	<u>\$ 36,898</u>	<u>2,539,750</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2
REVENUES			
Local sources:			
Dwelling rental	\$ 0	\$ 0	\$ 0
Interest earnings	37,782	1,654	1,376
Other	27,447	936	1,147
Federal sources:			
Grants	1,489,994	72,981	55,688
TOTAL REVENUES	\$ 1,555,223	\$ 75,571	\$ 58,211
EXPENDITURES			
Current:			
Administration	\$ 125,419	\$ 7,148	\$ 4,065
Utilities	1,889	81	74
Ordinary maintenance & operations	6,381	289	246
Protective services	358	15	13
General expenditures	42,220	2,217	1,414
Housing assistance payments	1,305,785	65,137	48,771
Facilities acquisition and construction	1,636	53	49
TOTAL EXPENDITURES	\$ 1,483,688	\$ 74,940	\$ 54,632
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 71,535	\$ 631	\$ 3,579
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	439,479	(5,400)	6,571
FUND BALANCES (Deficit) AT END OF YEAR	\$ 511,014	\$ (4,769)	\$ 10,150

Exhibit 2

MOD REHAB #3	RENTAL VOUCHERS	DOT	DRUG ELIMINATION	TOTAL
\$ 0	\$ 0	21,985	\$ 0	21,985
2,494	13,218	4,055	0	60,579
0	4,698	120	0	34,348
109,214	474,360	0	116,515	2,318,752
\$ 111,708	\$ 492,276	\$ 26,160	\$ 116,515	\$ 2,435,664
\$ 8,244	\$ 48,505	\$ 15,550	\$ 0	208,931
123	1,546	0	0	3,713
447	2,231	15,394	0	24,988
23	121	0	0	530
2,895	15,573	6,415	116,515	187,249
96,956	410,960	0	0	1,927,609
117	580	86,864	0	89,299
\$ 108,805	\$ 479,516	\$ 124,223	\$ 116,515	\$ 2,442,319
\$ 2,903	\$ 12,760	(\$ 98,063)	\$ 0	(6,655)
3,044	227,251	318,872	0	989,817
\$ 5,947	\$ 240,011	\$ 220,809	\$ 0	983,162

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

CAPITAL PROJECTS FUNDS

PROJECT LA 23-703

Project LA 23-702 is a federal (HUD) funded "Comprehensive Grant Program."

PROJECT LA 23-704

Project LA 23-704 is a federal (HUD) funded "Comprehensive Grant Program."

PROJECT LA 23-705

Project LA 23-705 is a federal (HUD) funded "Comprehensive Grant Program."

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 Alexandria, Louisiana

CAPITAL PROJECT FUNDS
 Combining Balance Sheet
 June 30, 1997

Exhibit 3

	PROJECT LA 23-703	PROJECT LA 23-704	PROJECT LA 23-705	TOTAL
ASSETS				
Receivables	\$ 8,492	\$ 152	\$ 9,407	\$ 18,051
Total assets	\$ 8,492	\$ 152	\$ 9,407	\$ 18,051
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payables	\$ 8,492	\$ 152	\$ 9,407	\$ 18,051
Interfund payable	0	0	0	0
Total liabilities	\$ 8,492	\$ 152	\$ 9,407	\$ 18,051
Fund Equity - fund balances:				
Undesignated	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities and Fund Equity	\$ 8,492	\$ 152	\$ 9,407	\$ 18,051

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

CAPITAL PROJECT FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

Exhibit 4

	PROJECT LA 23-703	PROJECT LA 23-704	PROJECT LA 23-705	TOTAL
REVENUES				
Federal Grants	\$ 29,103	\$ 384,564	\$ 521,218	\$ 934,885
Total revenues	\$ 29,103	\$ 384,564	\$ 521,218	\$ 934,885
EXPENDITURES				
Current:				
Facilities acquisition and construction	\$ 29,103	\$ 384,564	\$ 521,218	\$ 934,885
Total expenditures	\$ 29,103	\$ 384,564	\$ 521,218	\$ 934,885
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0	0
FUND BALANCE AT BEGINNING OF YEAR	0	0	0	0
FUND BALANCE AT END OF YEAR	\$ 0	\$ 0	\$ 0	0

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

AGENCY FUNDS

TENANTS' SECURITY DEPOSITS AGENCY FUND

The activities of the various tenant security deposits accounts are accounted for in the Tenants' Security Deposit Agency Fund. While the accounts are under the supervision of the Housing Authority, they belong to the tenants and are not available for use by the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Tenants' Security Deposits
June 30, 1997

Exhibit 5

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
ASSETS				
Cash and cash equivalents	\$ <u>36,740</u>	<u>14,287</u>	<u>18,802</u>	\$ <u>32,225</u>
LIABILITIES				
Deposits due others	\$ <u>36,740</u>	<u>14,287</u>	<u>18,802</u>	\$ <u>32,225</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 Alexandria, Louisiana

SCHEDULE OF CHANGES IN DEPOSITS DUE OTHERS
 Tenants' Security Deposits
 For the Year Ended June 30, 1997

Exhibit 6

PROJECT	Balance, Beginning	Additions	Deductions	Balance, Ending
LA 23-1	\$ 6,005	\$ 3,040	\$ 3,915	\$ 5,130
LA 23-2	2,770	825	900	2,695
LA 23-3	20,390	10,087	10,697	19,780
LA 23-4	2,235	0	1,005	1,230
LA 23-5	4,665	185	2,210	2,640
DOT	<u>675</u>	<u>150</u>	<u>75</u>	<u>750</u>
Total	<u>\$ 36,740</u>	<u>\$ 14,287</u>	<u>\$ 18,802</u>	<u>\$ 32,225</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GENERAL

COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Mr. Samuel McKay

Chairman

Mr. Henry (Hank) Lazarone

Vice Chairman

Mr. Joseph Belvin

Mr. Jack Courtney

Mr. Morris W. Doss

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

In accordance with Office of Management and Budget (OMB) Circular A-133, a Schedule of Expenditures of Federal Awards is presented.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 1997

Exhibit 7

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	PASS THROUGH GRANTOR NO.	EXPENDITURES
U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			
DIRECT PROGRAMS			
Public and Indian Housing - Operating Subsidy	14.850	FW 1142	\$ <u>842,818</u>
Public and Indian Housing - Drug Elimination Program	14.854	FW 1142	\$ <u>116,515</u>
Public and Indian Housing - Comprehensive Grant Program			
LA 23-703	14.859	FW 1142	\$ 29,103
LA 23-704	14.859	FW 1142	384,564
LA 23-705	14.859	FW 1142	<u>521,218</u>
TOTAL PROGRAM			\$ <u>934,885</u>
Section 8 Rental Certificate Program	14.857	FW 2069	\$ <u>1,489,994</u>
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation			
MOD Rehab #1	14.856	FW 2069	\$ 72,981
MOD Rehab #2	14.856	FW 2069	55,688
MOD Rehab #3	14.856	FW 2069	<u>109,214</u>
TOTAL PROGRAM			\$ <u>237,883</u>
Section 8 Rental Vouchers	14.855	FW 2221	\$ <u>474,360</u>
TOTAL U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			\$ <u>4,096,455</u>

The PHA is indebted to the Department of Housing & Urban Development for \$6,856,459 at June 30, 1997.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SUPPLEMENTAL INFORMATION
HUD PRESCRIBED FORMAT

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ANALYSIS OF SURPLUS
STATUTORY BASIS
June 30, 1997

Exhibit A

PHA OWNED HOUSING (ACC 1142)

UNRESERVED SURPLUS

BALANCE, BEGINNING \$ (33,427,988)

NET LOSS

PHA Owned Housing (689,849)

(Provision for) Reduction of:

Operating reserve

PHA Owned Housing (30,174)

BALANCE, ENDING \$ (34,148,011)

OPERATING RESERVE

BALANCE, BEGINNING \$ 580,299

Provision for (Reduction of)

Operating Reserve

30,174

BALANCE, ENDING \$ 610,473

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ANALYSIS OF SURPLUS
STATUTORY BASIS
June 30, 1997

Exhibit A

PHA OWNED HOUSING (ACC 1142)

CUMULATIVE HUD CONTRIBUTION

BALANCE, BEGINNING	\$ 35,174,819
Operating subsidy	<u>842,818</u>
BALANCE, ENDING	<u>\$ 36,017,637</u>

CUMULATIVE HUD GRANTS

BALANCE, BEGINNING	\$ 12,891,375
HUD Modernization Grants	<u>1,087,231</u>
BALANCE, ENDING	<u>\$ 13,978,606</u>

CUMULATIVE DONATIONS

BALANCE, BEGINNING	\$ 10,004,783
Additions	<u>0</u>
BALANCE, ENDING	<u>\$ 10,004,783</u>

TOTAL SURPLUS	<u>\$ 26,463,488</u>
---------------	----------------------

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ANALYSIS OF SURPLUS
STATUTORY BASIS
For the Year Ended June 30, 1997

Exhibit B

SECTION 8 - (ACC FW 2069 & 2221)

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2	MOD REHAB #3	RENTAL VOUCHERS
UNRESERVED SURPLUS					
Balance Per Prior Audit	\$ (26,300,109)	\$ (1,273,614)	\$ (932,521)	\$ (1,800,110)	\$ (6,486,488)
NET LOSS	(1,416,823)	(72,297)	(52,059)	(106,194)	(461,020)
Audit adjustment to project account	0	0	0	0	(1,322,562)
(Provision for) Reduction of:					
Operating reserve	(83,482)	(1,537)	(3,855)	(3,682)	(15,914)
Project account	<u>(886,108)</u>	<u>(11,767)</u>	<u>(2,356)</u>	<u>(26,446)</u>	<u>297,449</u>
BALANCE, ENDING	<u>\$ (28,686,522)</u>	<u>\$ (1,359,215)</u>	<u>\$ (990,791)</u>	<u>\$ (1,936,432)</u>	<u>\$ (7,988,535)</u>
OPERATING RESERVE					
BALANCE, BEGINNING	\$ 437,452	\$ (5,620)	\$ 6,571	\$ 2,990	\$ 227,872
Provision for (Reduction of) Operating Reserve	<u>83,482</u>	<u>1,537</u>	<u>3,855</u>	<u>3,682</u>	<u>15,914</u>
BALANCE, ENDING	<u>\$ 520,934</u>	<u>\$ (4,083)</u>	<u>\$ 10,426</u>	<u>\$ 6,672</u>	<u>\$ 243,786</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ANALYSIS OF SURPLUS
STATUTORY BASIS
For the Year Ended June 30, 1997

Exhibit B

SECTION 8 - (ACC FW 2069 & 2221)

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2	MOD REHAB #3	RENTAL VOUCHERS
PROJECT ACCOUNT UNFUNDED					
BALANCE, BEGINNING	\$ 6,021,296	\$ 61,011	\$ 199,467	\$ 255,895	\$ 1,399,979
Audit adjustment to beginning balance	0	0	0	0	1,322,562
Provision for (Reduction of) Project Account Unfunded	<u>886,108</u>	<u>11,767</u>	<u>2,356</u>	<u>26,446</u>	<u>(297,449)</u>
BALANCE, ENDING	<u>\$ 6,907,404</u>	<u>\$ 72,778</u>	<u>\$ 201,823</u>	<u>\$ 282,341</u>	<u>\$ 2,425,092</u>
CUMULATIVE HUD CONTRIBUTION					
BALANCE, BEGINNING	\$ 20,335,329	\$ 1,215,138	\$ 733,461	\$ 1,552,905	\$ 5,093,683
Annual Contribution Earned Section 8	<u>1,489,994</u>	<u>72,981</u>	<u>55,688</u>	<u>109,214</u>	<u>474,360</u>
BALANCE, ENDING	<u>\$ 21,825,323</u>	<u>\$ 1,288,119</u>	<u>\$ 789,149</u>	<u>\$ 1,662,119</u>	<u>\$ 5,568,043</u>
TOTAL SURPLUS	<u>\$ 567,139</u>	<u>\$ (2,401)</u>	<u>\$ 10,607</u>	<u>\$ 14,700</u>	<u>\$ 248,386</u>

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

STATEMENT OF CERTIFICATION OF ACTUAL
MODERNIZATION COMPLETED
June 30, 1997

Exhibit C

PHA OWNED HOUSING (ACC FW 1142)

1. The actual modernization costs for the completed modernization program costs is as follows:

	PROJECT <u>LA 48P023 703Z</u>
Funds approved	\$ 1,318,353
Funds expended	<u>1,318,848</u>
Excess of funds approved	\$ <u>495</u>
Funds advanced	\$ 1,318,353
Funds expended	<u>1,318,848</u>
Excess of funds advanced	\$ <u>495</u>

2. The distribution of costs as shown on the actual modernization cost certificate dated May 22, 1997 for the above project is in agreement with the PHA's records.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following page is a report on internal control and compliance with laws and regulations required by Government Auditing Standards issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented general-purpose financial statements and presents, where applicable, compliance matters that would be material to the presented general-purpose financial statements.

ALLEN, GREEN & COMPANY, LLP

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Ernest L. Allen, CPA
(A Professor of
Accounting Co.)

Tim Green, CPA

Margie Williamson, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the financial statements of the Housing Authority of the City of Alexandria, as of and for the year ended June 30, 1997, and have issued our report thereon dated October 30, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Alexandria's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings and Questioned Costs as item 97-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Alexandria's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Company, LLP
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
October 30, 1997